

Message Text

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60

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 SWF-02 AID-05 CEA-02

CIAE-00 COME-00 EB-12 FRB-03 INR-11 NSAE-00 RSC-01

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7583

INFOR AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: MORE ON BROILER EXPORT SUBSIDIES AND SUPPLEMENTARY
LEVIES ON TURKEY PARTS

REF:S(A) LONDON 12735; (B) EC BRUSSELS 6213

1. EC COMMISSION POULTRY DIVISION DIRECTOR VAN AGTMAAL SHAID HE EXPECTS

THE POULTRY MANAGMENT COMMITTEE, WHICH MEETS ON OCTOBER 7, TO RECOMMEND

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A DECREASE IN THE BROILER EXPORT SUBSIDY. HE DELCINED TO COMMENT ON THE

AMOUNT OF TH DECREASE OR TO STATE WHETHER IT WILL BE A ONE-TIME OR A PHASED REDUCTION. HE SAID THT THE COMMISSION FAVORS A DECREASE.

2. VAN AGTMAAL SAID THAT THE COMMUNITY IS STILL EXPERIENCING THE SAME COST-PRICE SQUEZZE THAT HE DESCRIBED TO US IN MIDSUMMER (REF. B). HE SAID THAT AVERAGE EC BROILER PRODUCTION COSTS THIS SUMMER HAD RANGED AROUND DM 3.1 PER KILOGRAM EX PLANT AND THAT THE AVERAGE EC MARKET OFFER PRICE RANGED FROM DM 2.6 TO 2.8 KILOGRAM. THUS, PRODUCERS WERE LOSING FROM 30 TO 50 PFENNIGS PER KILOGRAM, A SITUATION WHICH HE LIKENED TO THAT IN THE UNITED STATE.SINCE IMPOSITION OF THE BROILER EXPORT SUBSIDY, MARKET PRICES HAVE IMPROVED PERCEPTIVELY. HENCE THE EXPECTED RECOMMENDATION FOR A DECREASE IN THE SUBSIDY.

3. ON THE OTHER HAND, HE EXPECTS UPPLEMENTARY LEVIES ON TURKEY PARTS TO INCREASE BECUASE (A) THE DIFFERENCE BETWEEN OFFER PRICES AND GATE PRICES WERE NOT COMPLETELY COVERED BY THE LAST INCREASE IN SUPPLEMENTARY LEVIES AND ALSO BECAUSE (B) US OFFER PRICES HAVE REMAINED THE SAME AND, IN SOME CASES, HAVE DECREASED.

4. HE SAID THE OUTLOOK FOR AN IMPROVEMENT IN THE EC POULTRY MARKET SITUATION IS GLOOMY, LARGELY HIGHER WILL FORCE FURTHER INCREASES INPOULTRY PRODUCTION COSTS.VAN AGTMAAL SAID THAT POULTRY CONSUMPTION IN THE COMMUNITY DECLINED ABOUT 1 KILOGRAM PER CAPITA OR ABOUT 10 PERCENT OVER THE LAST YEAR. GIVEN THEI MARKET SITUATION, HE SAID THE COMMISSION HAS NOT INTEREST IN EXPANDING ITS POULTRY PRODUCTION.MYERSON

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